

**Iowa Department of Natural Resources
Natural Resources Commission**

ITEM

3

DECISION

TOPIC

Honey Creek Hotel Management Interim Agreement

The Natural Resources Commission's approval is requested to extend and amend an interim hotel management agreement with Regency Hotel Management, LLC (Regency) to perform some pre-opening services for the Honey Creek Resort State Park (Park) development. The amended agreement would authorize Regency to provide some preliminary marketing, sales, and management services until it and the DNR execute a comprehensive agreement for the complete management of the Park. The DNR proposes to cap the costs for the interim agreement at no more than \$75,000 and to limit the duration to not past August 31, 2007.

The DNR has been working with Regency to develop the construction component of the Park pursuant to a construction management agreement the DNR executed with Regency in July 2006. Regency's role has expanded to start providing hotel marketing and early-advance sales. DNR and Regency are currently negotiating a comprehensive hotel management agreement that is very complex and requires review and approval outside the DNR. In addition, some new issues, including a franchising agreement, have taken considerable time and attention to review.

In April, DNR executed an agreement, with the Commission's approval, in the amount of \$50,000 to compensate Regency during this negotiation; this amended contract would supplant that original agreement and include in the \$75,000 figure the \$50,000 already contemplated by the first agreement. The DNR feels that this interim contract will provide both additional time for more thorough negotiations, and compensation for Regency for services it is providing. This interim agreement will terminate upon execution of the comprehensive hotel management agreement.

Funding for this amended contract will come solely from the legislative appropriations dedicated to the Park. Any agreement that draws funds from the bond proceeds must be approved by bond counsel to the Honey Creek Premiere Destination Park Bond Authority, and as this amended contract has not been reviewed by bond counsel, the DNR will not use bond proceeds to pay for services provided pursuant to this amended agreement.

Ken Herring, Administrator
Conservation and Recreation Division
June 28, 2007